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Mexico

Poultry and Products

Annual Report

2008

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Report Highlights:
Mexico's poultry industry is forecast to continue growing through MY 2008 and 2009 (Jan-Dec), though not at the same rate that the industry has experienced over the past several years. Higher costs of production, which translate into higher consumer prices, and competition from foreign imports, will have a dampening effect on the industry. Imports of U.S. poultry and poultry products are forecast to increase in response to growing demand, but also at a slower rate. An important factor for the slow down in imports is the quarantine that Mexico imposed on the state of Arkansas for poultry products and live bird imports, except for mechanically deboned meat (MDM).

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Mexico City [MX1]
[MX]

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SECTION I. SITUATION AND OUTLOOK

Poultry meat production is expected to increase in both MY 2008 and MY 2009. However, the current rate of increase is lower relative to the growth that the Mexican poultry industry has experienced over the past decade. This slower growth rate is primarily attributable to higher production costs, mainly imported grains, and continued competition from poultry imports. Mexico does not yet have an equivalency agreement with USDA's Food Safety Inspection Service that would allow for exports of domestically produced poultry meat and egg products to the United States, though officials continue to work towards this objective.

Imports of both chicken and turkey meat are forecast to increase in MY 2009, primarily in response to growing demand from Mexican food processors for mechanically separated meat and cuts for further processing at a slower rate. Also, an important factor for the slow down in imports is the quarantine that Mexico imposed on the state of Arkansas for poultry products and live bird imports, except for mechanically deboned meat (MDM).

Data included in this report are not official USDA data. Official USDA data are available at http://www.fas.usda.gov/psdonlineonline

SECTION II. STATISTICAL TABLES

Poultry Meat, Broilers PS&D

POULTRY, Meat, Broiler (1000 MT)	2007			2008			2009		
	Market Year Begin: Jan 2007			Market Year Begin: Jan 2008			Market Year Begin: Jan 2009		
	Annual Data Displayed		New Post Data	Annual Data Displayed		New Post Data	Annual Data Displayed		Jan Data
	Official	Post		Official	Post		Official	Post	
Inventory (Reference)	0	0	0	0	0	0			0
Slaughter (Reference)	0	0	0	0	0	0			0
Beginning Stocks	0	0	0	0	0	0			0
Production	2730	2656	2683	2825	2722	2825			2910
Whole, Imports	0	0	0	0	0	0			0
Parts, Imports	400	415	395	400	425	425			450
Intra-EU Imports	0	0	0	0	0	0			0
Other Imports	0	0	0	0	0	0			0
Total Imports	400	415	395	400	425	425			450
Total Supply	3130	3071	3078	3225	3147	3250			3360
Whole, Exports	0	0	0	0	0	0			0
Parts, Exports	9	1	9	12	0	12			15
Intra EU Exports	0	0	0	0	0	0			0
Other Exports	0	0	0	0	0	0			0
Total Exports	9	1	9	12	0	12			15
Human Consumption	3121	3070	3069	3213	3147	3238			3345
Other Use, Losses	0	0	0	0	0	0			0
Total Dom. Consumption	3121	3070	3069	3213	3147	3238			3345
Total Use	3130	3071	3078	3225	3147	3250			3360
Ending Stocks	0	0	0	0	0	0			0
Total Distribution	3130	3071	3078	3225	3147	3250			3360

Not USDA official data

Poultry Meat, Turkey PS&D

POULTRY, Meat, Turkey (1000 MT)	2007			2008			2009		
	Market Year Begin: Jan 2007			Market Year Begin: Jan 2008			Market Year Begin: Jan 2009		
	Annual Data Displayed		New Post Data	Annual Data Displayed		New Post Data	Annual Data Displayed		Jan Data
	Official	Post		Official	Post		Official	Post	
Inventory (Reference)	0	0	0	0	0	0			0
Slaughter (Reference)	0	0	0	0	0	0			0
Beginning Stocks	0	0	0	0	0	0			0
Production	15	15	15	15	15	15			16
Whole, Imports	0	0	0	0	0	0			0
Parts, Imports	197	197	202	207	207	207			211
Intra-EU Imports	0	0	0	0	0	0			0
Other Imports	0	0	0	0	0	0			0
Total Imports	197	197	202	207	207	207			211
Total Supply	212	212	217	222	222	222			227
Whole, Exports	0	0	0	0	0	0			0
Parts, Exports	0	0	0	0	0	0			0
Intra EU Exports	0	0	0	0	0	0			0
Other Exports	0	0	0	0	0	0			0
Total Exports	0	0	0	0	0	0			0
Human Consumption	212	212	217	222	222	222			227
Other Use, Losses	0	0	0	0	0	0			0
Total Dom. Consumption	212	212	217	222	222	222			227
Total Use	212	212	217	222	222	222			227
Ending Stocks	0	0	0	0	0	0			0
Total Distribution	212	212	217	222	222	222			227

Not USDA official data

Broilers Wet Market Prices

Broilers[1] Wet Market Prices, Mexico City Pesos/ kilogram				
Month	2006	2007	2008	% Change 07/08
January	23.04	27.00	19.05	(29.44)
February	22.50	24.50	20.08	(18.04)
March	22.73	21.00	22.38	6.57
April	19.25	21.22	25.20	18.75
May	26.50	22.96	26.79	16.68
June	19.00	26.13	N/A	N/A
July	20.33	22.50	N/A	N/A
August	20.58	23.91	N/A	N/A
September	21.50	24.86	N/A	N/A
October	21.25	25.67	N/A	N/A
November	20.48	30.06	N/A	N/A
December	23.58	24.42	N/A	N/A
Annual Avg.	**21.73**	**24.52**	**22.83**	**N/A**

[1] Whole chicken including offal

Source: National poultry association, UNA.

Chicken Leg Quarter Wholesale Prices

Chicken Leg Quarter Wholesale Prices, Mexico City Pesos/kilogram				
Month	2006	2007	2008	% Change 07/08
January	17.00	21.06	22.05	4.7
February	17.96	20.61	20.79	0.87
March	18.91	18.23	20.83	14.26
April	18.30	19.99	22.22	11.15
May	20.87	25.07	25.60	2.11
June	24.66	23.81	26.25	10.24
July	18.57	23.99	22.13	(7.75)
August	22.42	24.78	N/A	N/A
September	20.05	23.65	N/A	N/A
October	20.00	20.50	N/A	N/A
November	21.66	23.79	N/A	N/A
December	24.50	24.46	N/A	N/A
Annual Avg.	**20.41**	**22.49**	**22.68**	N/A

Source: National information market service, (SNIIM)
2006 Exchange Rate Avg.: U.S. $1.00 = 10.90 pesos
2007 Exchange Rate Avg.: U.S. $1.00 = 10.95 pesos
Exchange Rate August 13 2008: U.S. $1.00 = 10.15 pesos

Poultry Numbers

MEXICO: POULTRY NUMBERS, 2007	
Type of Bird	**Thousand Head**
Laying Hens in production*	129,458,905
Pullets in grow out	38,837,672
Light Breeding Hens in production	910,188
Light Breeding Hens in grow out	328,808
Heavy Breeder Hens in production	9,530,000
Heavy Breeder Hens in grow out	6,454,000
Heavy Progenitor Hens in production	181,000
Heavy Progenitor Hens in grow out	119,209
Broilers (Per cycle)	255,933,839
Turkeys (Per cycle)	736,968
Total Poultry Flock	**442,490,589**

*There are an estimated 32 million laying hens in the second cycle
Source: UNA (National Poultry Association)

Mexican Imports Of Selected Poultry Products Jan-April 2008

H.S. Tariff Number	Description & Country of Origin	Volume MT
0105.11.01	Day old chicks, which do not need feeding during transport	
	U.S. & SUBTOTAL (Thousand head)	645
0105.11.02	Breeding stock, layer-type with selected breed certificate when imports are no more of 15,000 heads in each operation	
	U.S. & SUBTOTAL (Thousand head)	327
0105.11.99	Other	
	U.S. & SUBTOTAL	123
0105.19.99	Other (Chickens)	
	U.S. & SUBTOTAL (Thousand head)	200
0207.11.01	Other fresh or chilled whole poultry	
	U.S. & SUBTOTAL	3,725
0207.12.01	Other frozen whole poultry	
	U.S. & SUBTOTAL	1,286
0207.25.01	Whole frozen turkey	
	U.S.	689
	CHILE	25
	OTHER	0
	SUBTOTAL	714
0207.33.01	Whole ducks, geese & guineas frozen	
	U.S. & SUBTOTAL	319
0207.26.01	Mechanically deboned turkey meat	
	U.S. & SUBTOTAL	5,690
0207.26.99	Fresh & chilled turkey parts	
	U.S. & SUBTOTAL	34,136
0207.13.01	Mechanically deboned chicken meat fresh or Chilled	
	U.S. & SUBTOTAL	46,352
0207.14.01	Mechanically deboned chicken meat frozen	
	U.S.	15,305
	CHILE	1,641
	SUBTOTAL	16,946
0207.13.99	Fresh & chilled chicken parts	
	U.S. & SUBTOTAL	4,699
0207.14.99	Frozen poultry parts	

H.S. Tariff Number	Description & Country of Origin	Volume MT
	U.S.	4,785
	OTHER	4,647
	SUBTOTAL	9,432
0207.13.03	Chicken Leg Quarter, Fresh/chilled	
	U.S.	18,160
	OTHER	0
	SUBTOTAL	18,160
0207.14.04	Chicken Leg Quarter, Frozen	
	U.S.	32,721
	OTHER	486
	SUBTOTAL	33,207
0207.27.01	Mechanically deboned turkey meat, frozen	
	U.S.	3,438
	OTHER	251
	SUBTOTAL	3,689
0207.27.99	Frozen turkey parts	
	U.S.	15,835
	OTHER	929
	SUBTOTAL	16,764
0207.36.99	Duck, geese or guineas cuts, frozen	
	U.S. & SUBTOTAL	43
0207.14.02 & 0207.36.01	Poultry livers	
	U.S. & SUBTOTAL	2
0407.00.01	Table eggs, fresh, including hatching eggs	
	U.S. & SUBTOTAL	48
1601.00.01	Sausages of broiler or turkey	
	U.S.	6,751
	OTHER	0
	SUBTOTAL	6,751
1602.31.01	Processed meat (Turkey)	
	U.S.	470
	OTHER	7
	SUBTOTAL	477
1602.32.01	Prepared or preserved chicken meat or offal	
	U.S.	4,445
	OTHER	164
	SUBTOTAL	4,609
1602.39.99	Other processed poultry meat	
	U.S.	6
	FRANCE	3
	OTHER	0
	SUBTOTAL	9
0207.13.02	Chicken carcasses	
	U.S. & SUBTOTAL	4,319
0207.14.03	Chicken carcasses	
	U.S. & SUBTOTAL	58
0207.26.02	Turkey carcasses	
	U.S. & SUBTOTAL	0
0207.27.03	Turkey carcasses	
	U.S. & SUBTOTAL	0

Source: Global Trade Information Services, Inc. "World Trade Atlas" Mexico Edition, April 2008.

SECTION III. NARRATIVE ON SUPPLY AND DEMAND, POLICY & MARKETING

CHICKEN MEAT

Production

Mexican poultry meat production is forecast to increase for MY 2009 at about 3 percent or more, depending on the grain price situation. MY 2008 production remains unchanged from the previous forecast. However, producers report that growth in 2008 has been in bird weight rather than in number of birds. In fact there has been a slower growth rate which is attributed to higher production costs, mainly imported grains, and continued competition from poultry imports. Higher global grain prices have affected Mexico's cost of production for poultry meat and table eggs as they have currently increased more than 30 percent for the first quarter of 2008, forcing the industry to consider some production cuts.

According to the Poultry Producers Association (UNA), feed consumption for MY 2007 was estimated at 13.5 MMT, (8.5 MMT of feed grains, 2.7 MMT of oilseeds and protein meals, and 2.3 MMT of other raw materials). UNA estimates that feed consumption will grow about 2.2 percent in MY 2008. Feed costs in Mexico represented 55 to 60 percent of the total cost of production before the hike in grain international prices. Now feed costs represent about 75 percent or more of the total cost of production.

Poultry producers continue to be major users of imported feedstuffs from the United States. Producers indicated that 60 percent of their imports comprise sorghum and yellow corn, 23 percent oilseeds and protein meals, and 17 percent other products such as safflower, orthophosphate, calcium, and methionine. However, for 2008 the percentage of imported corn and sorghum could change depending on international grain and oilseed prices. On the other hand, the Mexican government continues to encourage forward contract purchases between farmers and yellow corn buyers in an attempt to influence production patterns.

The livestock industry in general is trying increasingly to have access to domestic grain rather than imported product due to the hike in prices. Recently, SAGARPA (Secretariat of Agriculture) announced in the media some supports to corn and sorghum buyers for the animal feed sector. These supports are part of its Forward Contracts and Advance Purchasing Programs (see GAIN Reports MX7024 & MX7071) and will be provided for the 2007/08 fall/winter crop cycle. SAGARPA will support a total volume of 4.0 MMT with a payment of 200 pesos/MT (US$18.43/ton). (For additional information on the grain situation see GAIN Report MX8017)

Poultry producers tend to prefer yellow corn to sorghum because it boasts greater nutritional value, and because of the color it gives to the birds' skins. Historically, Mexico has been a white corn producer and only a small percentage of its corn production has been utilized as animal feed. This has compelled the poultry industry to import yellow corn. The poultry industry sources some yellow corn domestically; however, since domestic supply is not sufficient to cover demand, yellow corn is imported from the U.S. at higher prices.

The surge in international corn prices led to increases at the retail level for poultry and egg prices in 2007 and 2008. According to UNA, domestic producers first absorbed most of the grain price increases at the beginning of 2007, but they had to raise somewhat consumer prices. The Poultry Producers Association estimates that for every 1,000 pesos/ton (US$98.03/ton) increase in coarse grains, poultry prices would increase by about 2 pesos/kg (US$0.20/kg). In addition to higher grain prices, producers also complain that higher prices for electricity, packing materials and transportation costs continue to add to production costs.

The average bird grow-out period depends largely on where and how the bird will be sold. For live birds and whole chickens, including offal, which are commonly sold in street markets, the average grow-out period is 49-56 days. Birds for the broiler market (whole chicken without offal) have an average grow-out period of 40-44 days. Those grown for sale in supermarkets (whole chicken without offal and chicken cuts) are typically grown-out in 44-49 days. The average daily gain is 36-44 grams per bird. The average bird weight when marketed is on average 2.2 kg. The poultry industry reports that the average feed conversion ratio is 2:1.

Industry consolidation and investment in infrastructure are expected to continue, at a slower but steady pace, in the medium term. In an effort to cope with high input prices, large and medium-size companies will likely merge into cooperatives and associations, integrating small producers into their productive process as contract producers. In 2007, three leading companies accounted for 56 percent of total domestic production of chicken meat. Medium-size companies will likely merge into cooperatives and associations, with smaller players becoming contract producers.

CHICKEN FARM COMPOSITION				
	COMPANIES		% PARTICIPATION IN PRODUCTION	
	1996	2007	1996	2007
LARGE	2	3	33	56
MEDIUM	27	28	40	40
SMALL	181	150	27	4

Source: UNA

U.S. firms are significant suppliers of genetics to the Mexican poultry industry. An estimated 97 percent of Mexican broilers come from lines produced by two U.S. companies. For layers, about 93 percent of production is white eggs and U.S. firms are also the dominant suppliers of layer lines.

Consumption

Chicken producers indicate that in general, the purchasing power of the population has decreased due to the food price crisis, and people are spending less money on food in general. However, producers continue to enjoy favorable demand for their products and consumption continues to grow due to several factors, including population growth, the affordability of chicken relative to other meats, effective marketing campaigns, increased usage in processed food products, and improved product quality.

However, due to a feed grain price escalation, poultry prices to consumers increased about 10.26 percent in the first semester of 2008, lowering demand. Meat poultry products reached the highest price during May 2008, and for example, broilers increased from 19.05 pesos/kg (US$1.87/kg) in January to 26.79 pesos/kg (US$2.63/kg) in May 2008; CLQ's increased from 22.05 pesos/kg (US$2.17/kg) to 25.60 pesos/kg (US$2.52/kg) in the same time. Prices began to decrease in July/August but because Mexico had overproduction of poultry meat (birds with higher weights), and so producers began to depopulate flocks. Therefore, chicken consumption is forecast to slow down for MY 2009. Consumption for MY 2008 was revised upward from previous estimates, reflecting overproduction for the second quarter. Consumption for MY 2007 was revised downward reflecting slower demand. Poultry meat will continue to be cheaper, though, compared to other protein sources, as it is more affordable for low and medium-income households. Imported CLQ bulk prices have also increased from US$0.42/lb in January 2008 to US$0.52/lb in August 2008, lowering demand for imported product. Surprisingly, chicken breasts began to be imported at low prices, due to excess inventory in the U.S., increasing for the first time imports for this type of cut. Low prices surprised Mexican producers, who began to offer low prices for domestic chicken breasts in August in order to keep product moving.

Consumers continue to prefer fresh whole chickens to chicken cuts. However, purchases of chicken cuts are increasing slowly, mainly in supermarkets servicing higher-income consumers. Mexican consumers tend to prefer dark meat to white meat. According to current industry information, roasting chickens (whole chicken without offal) account for 28 percent of chicken meat consumption, while chickens sold in wet markets and stalls (whole chicken including offal) account for approximately 21 percent of the total. Live birds represent 26 percent of total chicken meat consumption. Live chicken sales are trending downward. During the past six years it has decreased from 31 percent to 26 percent in 2007. Chicken meat consumption purchased in supermarkets increased from 5 to 7 percent in 2007 (whole chicken without offal), and chicken cuts account for 11 percent of total consumption. Value-added products account for about 7 percent of total consumption.

Trade

Chicken and turkey meat are the primary poultry products imported by Mexico. The processing industry imports most mechanically separated poultry, chicken and turkey (MSC & MST), and poultry cuts as inputs for the domestic sausage and cold-cut industries. Large meat processors prefer fresh, refrigerated product, while small and medium processors tend to use frozen product.

Imports of chicken cuts, mainly leg quarters, and mechanically separated chicken for MY 2009 are forecast to continue increasing due to rising demand from the processing industry but at a slower pace. This slowdown in imports is mainly attributed to high international chicken prices, which have diverted much of the U.S. exportable supply to third-country markets. Imports of chicken meat for MY 2008 were revised upward from previous estimates due to rising demand from the processing industry; however, the increase is expected to be slightly higher in further processed poultry products than in raw meat.

One important factor behind the slowdown in imports is the quarantine that Mexico imposed on the state of Arkansas for poultry products and live bird imports, except for mechanically deboned meat (MDM). In June 16, 2008, the Animal Health General Directorate, banned all raw poultry products and live birds (except cooked meat) from the state of Arkansas due to an outbreak of low-pathogenic avian influenza (LPAI). After an official visit from the Mexican Animal Health Office to Arkansas, the Mexican government announced on July 18, 2008, that the quarantine was modified to allow imports of mechanically deboned meat (MDM) and boneless cuts only destined for further processing by the Mexican meat processing industry, except product originating/stored from Washington County. The Mexican requirements to import from Arkansas are the following:

1. All raw poultry produced in Washington County, Ark., is ineligible for export to Mexico, regardless of date of production.
2. Mexico will reject all products from Arkansas originating from birds slaughtered between May 10 and July 14.
3. Imports of bone-in chicken and turkey from Arkansas are not permitted.
4. Each truckload leaving the Mexican border must be under seal until it reaches its destination, which must be a federally inspected plant (TIF).
5. Product originating in other states and stored in Arkansas is permitted as long as the cold storage is not in Washington County.

The United States is the main supplier of chicken meat to Mexico. However, Chile's presence in the poultry market is expected to continue as importers seek to diversify suppliers in response to changing disease conditions in North America. The CLQ' safeguard with the U.S. was phased out in January 1, 2008, and the high-tier tariff dropped to zero.

The following table summarizes some of the regulations currently implemented by the Mexican government for imports of live poultry and poultry meat from the United States.

Regulations For Poultry And Poultry Products Exports

ITEM	RAW POULTRY FOR RETAIL & FOR FURTHER PROCESSING	FULLY COOKED POULTRY MEAT AND EGG PRODUCTS	TABLE, SPF AND HATCHING EGGS	LIVE BIRDS
Export Status All U.S. States **1 /**	YES	YES	YES ❶	YES
Required Language On Cleaning And Disinfection Of Trucks	YES	NO	YES	YES
Required Sealing Of Trucks At Point Of Origin	NO	NO	NO	YES
Required Language that Product is Fit for Human Consumption and Freely Marketed in the U.S.	YES	NO	❷	❷
Agar Gel or ELISA Test Required	❸	NO	❸	❸
Certification Requirements On Exotic Newcastle Disease ❹	YES	YES	YES	YES

1 / Imports for raw poultry, eggs and live birds are prohibited from Arkansas. MDM and bone-less cuts are allowed, except from the Washington County in Arkansas. These imports are only approved to proceed to Federal Inspected Plants (TIF) meat processing facilities authorized by SAGARPA.

❶ Boxes of table eggs as well as SPF eggs must show the stamp of the competent authority.

❷ SPF, hatching eggs and live birds should be freely marketed in the U.S.

❸ When a plant and farm/flock is registered under the National Poultry Improvement Plant (NPIP), the Agar Gel or ELISA test will not be required; otherwise the tests will be required by SAGARPA.

❹ Exotic Newcastle Disease statement for meat, meat products and by products. - "That the product comes from flocks that have a monitoring program of 70 birds that began after 12 days of age, using viral isolation tests and identification of velogenic strains through a test that indicates intracerebral pathogenicity in chicks of one day of age and that is carried out for each lot that is delivered for slaughter, obtaining negative results for Velogenic Newcastle disease, or that comes from a country free of Velogenic Newcastle Disease."

For additional information regarding poultry meat and egg products exports to Mexico see the FSIS Export Library at http://www.fsis.usda.gov/Regulations_&_Policies/Mexico_Requirements/index.asp (Export Requirements for meat and poultry products).

Policy

In light of the recent surge in corn prices, SAGARPA announced a series of government support programs intended to help the livestock sector cope with high international corn prices. For each ton of domestic grain that livestock producers buy under "Forward Contracts" and "Anticipated Purchasing", SAGARPA will grant a subsidy of 200 pesos/MT (US$19.70/ton).

The import requirements from the Mexican government for poultry and poultry products are outlined in the Zoosanitary Import Requirement Sheets (HRZ). Currently raw poultry imports are to comply with one of two options regarding AI testing: a) a negative result on 59 samples to AGID or ELISA tests or; b) that the flock/farm of origin is recorded in the U.S. National Poultry Improvement Plan (NPIP). SAGARPA and USDA agreed that the NPIP would be deemed as an equivalent program to the regulation NOM-044-ZOO-1995 "National Campaign against Avian Influenza" that was modified and implemented on August 14, 2006.

Marketing

Generic advertising campaigns have succeeded in increasing domestic consumption of poultry products in Mexico. Currently, most poultry meat in Mexico is sold as whole birds. The local industry supplies and delivers whole birds through wholesale public and wet markets overnight to the major cities. Sales of chilled or refrigerated poultry meat through supermarkets account for less than 11 percent of overall consumption. However, Mexico's supermarket segment is growing rapidly and now accounts for about 40 percent of overall food sales in Mexico. As the industry expands, the share of poultry sold via supermarkets is expected to grow as consumers become more accepting of poultry cuts and other poultry products.

USAPEEC's Mexico office has actively promoted poultry products in various large retail and food service exhibitions within USDA/Agricultural Trade Show Pavilions like Antad and Abastur. For cooked and processed poultry products, USAPEEC has also participated in Exphotel and Expo-Agroalimentaria. USAPEEC will continue to support marketing strategies within the NEPP (NAFTA Egg and Poultry Partnership), which promotes the exchange of information and technical expertise between both the U.S. and Mexican poultry industries. Last year Mexico's poultry industry, as well as USAPEEC's Mexico office, distributed information and launched a series of advertisements to inform Mexican consumers about avian influenza.

TURKEY MEAT

Production

Turkey meat production for MY 2009 (Jan-Dec) is forecast to increase to 15,775 MT as demand for turkey meat continues to strengthen. Meat production for MY 2008 is estimated at 15,360 MT, a slight increase from MY 2007. Domestic producers continue to face competition from U.S. and Chilean imports. Domestic turkey meat production represents less than 10 percent of total poultry meat consumption, and domestic firms sell about 75 percent of their production as uncooked whole turkeys for the Christmas season. The balance is sold as domestic turkey cuts and further-processed products such as turkey patties, nuggets, cold cuts and oven-cooked turkey legs.

Two companies account for almost 90 percent of total domestic production. Most turkey is produced in the states of Sonora, Chihuahua and Yucatan, which account for 40, 35 and 20 percent, respectively, of total Mexican turkey production. Turkey producers also indicate that production has been affected by the high costs of feed and other inputs. (See Chicken Production Section).

Genetics are usually sourced from the United States. The main turkey breeding flocks in Mexico are Nicolas with 75% and Hybrid (Hendrix Genetics) with 25%. Producers import almost all of the progenitor stock and are also importing fertile eggs for light and heavy breeders.

Consumption

Turkey meat consumption for MY 2009 is forecast to increase to 227,000 MT in response to growing demand for turkey products from the processing industry. Turkey meat consumption estimates for MY 2008 are expected to remain unchanged from previous estimates. MY 2007 consumption was revised upward due to a higher demand from the processing industry.

Consumption of turkey meat in the form of cold cuts continues to increase primarily through sales in supermarkets and delicatessen-type restaurants. Cooked hams made from blends of domestic pork and U.S. turkey thigh meats are substantially cheaper than all-pork cooked hams.

Most whole turkey demand occurs during the Christmas season. The average bird weight when marketed is on average 15 pounds. Industry sources report that consumption patterns for turkey and turkey products are changing as consumers become increasingly health conscious. The Poultry Producers Association estimates that average per capita consumption for turkey has increased from 4.3 pounds in 2007 to 4.6 pounds in 2008, including whole turkey, turkey cuts and other turkey products.

Trade

MY 2009 turkey meat imports are forecast to increase to 211,000 MT as demand for turkey cuts for further processing is expected to continue to grow. The rate of turnout, however, has been slower; growth fell due to higher international prices. Import estimates for MY 2007 were revised upward based on Mexican trade final data. The processing industry imports turkey cuts and mechanically separated turkey (MST) as inputs for the domestic cold-cuts industry since domestic production cannot supply domestic demand. Domestic meat processors use turkey thigh meat to produce cooked hams made up of blends of domestic pork and U.S. turkey thighs.

The United States is the main supplier of turkey meat, however, Chile's presence in the poultry market is expected to continue as importers seek to diversify suppliers. Chilean products are competitively priced and suitable for processors who are willing to work with frozen product. Chilean poultry imports are duty free under the Mexico-Chile Free Trade Agreement. The leading turkey processors have been successful in gaining shelf space for fresh turkey cuts, and high value products, by targeting medium- and high-income segments of the population.

As explained in the chicken meat section the quarantine imposed by the Mexican government on poultry imports from Arkansas is also affecting turkey products, excepting mechanically separated turkey. (See Chicken Trade section)

Marketing

Around 75 percent of Mexican production is marketed during the Christmas season as whole turkeys, and approximately 25 percent is sold as cut-up and further processed turkey meat products. USAPEEC, along with local turkey producers, has sponsored generic marketing campaigns to increase overall consumption of selected turkey products in Mexico. These activities are likely to continue, as turkey meat consumption has great potential for growth. USAPEEC Mexico has also participated in large retail and foodservice shows to promote further-processed poultry products (see chicken meat marketing section)